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Dipula reports strong interim results as it marks its 20th year

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Dipula Properties (JSE: DIB) has reported a strong set of interim results for the six months end
29 February 2025, demonstrating continued strategic and operational momentum in a persisten
challenging macroeconomic environment.

The property portfolio increased in value by 5% to R10.3bn, supporting a 6% rise in net asset value. Dipul distributable earnings per share (DPS) increased 4.2% for the half year, on track with full year guidance of 4.0% to 6.0%.


Izak Petersen, CEO of Dipula Properties

Dipula Properties (formerly Dipula Income Fund) is a prominent, diversified South Africa-focused REIT wi a long-standing track record of sustainable value creation. As a black-managed property company celebrating two decades of operation this month, and nearly 15 of those as a listed entity, Dipula exemplifi a rare blend of resilience, transformation and consistent delivery that continues to contribute to the real estate sector and South Africa's broader economic landscape.

The Dipula portfolio includes 161 retail, office, industrial and residential properties across South Africa, predominantly in Gauteng. The portfolio is defensively positioned with retail centres in townships, rural, an urban convenience locations contribute 67% of portfolio income.

Izak Petersen, CEO of Dipula Properties, comments: "Dipula's operational performance reflects solid delivery and a strongly defensive position in persistently challenging conditions. However, we have felt the impact of higher prevailing interest rates and hedging costs relative to expiring hedge instruments. Encouragingly, we are seeing signs of recovery in the office sector and continued stability in our retail and industrial portfolios, with sustainability initiatives expected to support long-term performance."

Dipula's revenue for the six months was similar to the prior period at R760m. Net property income rose 3.0%, constrained by property related expenses, which grew 6.0%, mainly driven by municipal tariff increases. However, cost control remains a management priority, and the total cost-to-income ratio rose marginally to 43.5% (FY24: 42.6%), driven by improved recoveries and Dipula's solar energy roll-out. The administrative cost-to-income was unchanged at 4%.

Operational highlights included significant leasing activity, contributing to a reduction in overall portfolio vacancies from 8% to 7% during the period. Dipula additionally achieved a weighted average positive renewal rental rate across the portfolio, underpinned by positive rates across the portfolio. The office portfolio recorded a renewal rate of 8.3% followed by industrial at 6.2% and retail at 2.4%. New and renew leases concluded during the period amounted to R309m, securing sustainable income streams.

Tenant retention of 79% is lower than in recent periods as Dipula has adopted stricter tenant criteria to improve tenant quality in its industrial portfolio, specifically for mini-units where there is high tenant turnover Even with this change, Dipula's industrial vacancies still decreased. Industrial and logistics assets deliver 13% of Dipula's rental income and with a vacancy of just 4%, this segment remains stable and sought-afte

Dipula's retail assets remain core to its performance, offering accessible and well-positioned spaces acro diverse communities. The retail portfolio reported steady vacancies at 6%.

Offices comprise 16% of Dipula's income, offering adaptable, well-situated workspace. The office vacanc rate ended the period at notably lower at 19%, down from 23% in the prior interim period, showing clearer signs of recovery starting. "The office improvement is refreshing, however there is still some way to go, ar the Johannesburg office market remains oversupplied and highly competitive."

Dipula has telegraphed to the market that it intends to sell its affordable and conveniently located residenti rental units, which currently represent 4% of income. This is to re-allocate capital to the retail and industrial sectors that are core to its business. This portfolio showed a reduced vacancy rate from 10% to 9% over t six months.

Dipula continues to implement value-enhancing asset management strategies. It invested R117m in refurbishments and redevelopments. Nearly R70m of this was for income-generating projects, including solar PV, with the remainder allocated to defensive projects. A portion of the proceeds from R125m in disposals, achieved at a 4% premium to book value, contributed to funding these projects together. While no acquisitions were completed during the period, Dipula has a strategic pipeline of growth opportunities.

"We're firmly committed to future-proofing our portfolio," says Petersen. "We are assessing some interesting opportunities which fall within our core focus, a few of which we hope to close in the short-term. Dipula's installed solar capacity will more than double to approximately 16MW after the installation of an additional 9MW of new solar projects to be rolled out during this calendar year."

Dipula benefits from a strong balance sheet and has maintained prudent debt levels. Gearing was stable, a 36.3% compared to 36.1%, and a steady ICR of 2.8 times at the end of the period reflect a consistently well-managed balance sheet. R400m in undrawn facilities provide additional liquidity.

Commenting on the operating environment in the second half of Dipula's financial year, Petersen notes tha global uncertainty has intensified amid shifting US trade policies and ongoing tariff disputes, which are expected to place upward pressure on inflation and interest rates. Domestically, South Africa faces persistent fiscal, economic and service delivery challenges, with subdued confidence and higher than anticipated interest rates.

“At Dipula, we remain focused on executing our strategic priorities: driving operational efficiency, optimisir our tenant base and recycling capital to reinforce balance sheet resilience,” says Petersen.

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